



FILED
8-19-16
11:51 AM

MF1/vm1 8/19/2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2017 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation. (U39E).

Application 16-06-003
(Filed June 1, 2016)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on August 8, 2016.

1. Background

On June 1, 2016, Pacific Gas and Electric Company (PG&E) filed its *Application Of Pacific Gas and Electric Company (U 39 E) for 2017 Energy Resource Recovery Account and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation* (Application). On June 9, 2016, Resolution ALJ-176-3379

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at http://docs.cpuc.ca.gov/WORD_PDF/RULES_PRAC_PROC/136861.pdf

preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. Protests have been filed by The City and County of San Francisco (San Francisco), Sonoma Clean Power Authority, Marin Clean Energy (MCE), Local Energy Aggregation Network, and the Commission's Office of Ratepayer Advocates. Direct Access Customer Coalition and Alliance for Retail Energy Markets filed a Joint Response and a Joint Response was filed by Merced and Modesto Irrigation Districts (MID). PG&E filed a timely reply on July 18, 2016.

On August 8, 2016, a prehearing conference (PHC) took place in San Francisco to establish the service list, discuss the scope, and develop a procedural timetable for the management of this proceeding. During the PHC, California Farm Bureau Federation (Farm Bureau), Agricultural Energy Consumers Association, California Large Energy Consumers Association and Energy Producers and Users Coalition requested and were granted party status.

2. Category, Need for Hearing, and Ex Parte Rules

The Commission preliminarily categorized this Application as ratesetting as defined in Rule 1.3(e) and anticipated that this proceeding would require evidentiary hearings. The parties did not oppose the Commission's preliminary categorization or need for hearing. This ruling affirms the categorization of ratesetting and the need for hearing. This ruling as to category is appealable pursuant to Rule 7.6.

As noted in the schedule below and in accordance with Rule 7.3(a), today's scoping memo adopts a procedural schedule that includes hearings. In a ratesetting proceeding, ex parte rules are set forth in Rules 8.1, 8.2, 8.3, 8.5, and Public Utilities (Pub. Util.) Code Section 1701.3(c) applies.

3. Discovery

If parties have discovery disputes that they are unable to resolve by meeting and conferring, they should raise these disputes with the presiding officer, pursuant to Rule 11.3.

4. Scope of Proceeding

Through written protests, responses, and discussions during the PHC, the parties have raised issues about the appropriate scope of this proceeding. In particular, this proceeding will examine:

1. Whether the Commission should adopt PG&E's proposed total revenue requirement of \$4295.7 million, which consists of Energy Resource Recovery Account (ERRA) revenue requirement of \$3,757 million, Ongoing Competition Transition Charge (CTC) of \$100 million, Power Charge Indifference Adjustment (PCIA) of \$219.7 million, and Cost Allocation Mechanism (CAM) revenue requirement of \$219 million;
2. Whether the Commission should adopt PG&E's 2017 forecast of electric sales;
3. Whether the Commission should adopt PG&E's 2017 Greenhouse Gas (GHG) related forecasts and expenses of
a) GHG administrative and outreach expense of \$1.295 million, b) the net GHG revenue return of \$311.7 million, and c) the semiannual residential California climate credit of \$27.86;
4. Whether the Commission should find PG&E's 2015 recorded administrative and outreach expenses of \$1.084 million related to the 2015 GHG revenue return as reasonable;
5. Whether the Commission should adopt PG&E's proposal to retire the negative indifference amounts associated with the now expired or terminated Department of Water Resources contracts;

6. Whether the Commission should adopt PG&E's proposal of including Community Choice Aggregators (CCA) load forecasts in future ERRA forecast applications;
7. Whether the Commission should determine the methodology used in PG&E's 2017 forecast of direct and indirect GHG emissions and related costs as reasonable and consistent with Commission and state policies and laws;
8. Whether the Commission should approve PG&E's proposals associated with its proposed total ERRA revenue requirements to be effective in rates on January 1, 2017;
9. Whether all calculations, including but not limited to the calculation of the ERRA, Ongoing CTC, PCIA, CAM, non-bypassable charges, procurement costs, and GHG related items, are in compliance with all applicable resolutions, rulings and decisions (Commission requirements) for all customer types;
10. Whether the PCIA should be subject to refund once procurement information is no longer confidential to market participants; and
11. Whether the current ERRA forecast application has any safety issues that should be considered.

San Francisco and MCE raised concerns with the PCIA. According to MCE, PG&E's requested increase in the PCIA on top of the increase approved by the Commission in the last ERRA would make it difficult for MCE and other emerging CCAs to compete with PG&E's bundled service rates. MCE proposes that the Commission cap the PCIA in order to preserve the economic viability of CCA programs. MCE cites to Decision (D.) 02-11-022, a decision issued pursuant to a rulemaking proceeding with participation from all affected stakeholders and utilities as support for its cap proposal. As we have stated before, the ERRA forecast proceeding is a ratesetting proceeding intended to address rate recovery for annual forecasted procurement costs and not to resolve policy issues. Within

the scope of this proceeding is whether PG&E's PCIA methodology complies with past Commission decisions and whether it has been calculated accurately. It is not within the scope of this proceeding to determine whether PCIA should be assessed. The PCIA is intended to maintain legislatively mandated "bundled customer indifference" and assessed to departing customers for power purchases made on their behalf up to the point of their departure.

At the PHC, San Francisco raised the possibility of making the PCIA charges subject to refund. As market participants, the CCAs are unable to obtain confidential pricing information from PG&E to ensure that the PCIA has been calculated correctly. If the PCIA is made subject to refund, the CCAs would be able to access the pricing information once it is no longer confidential.

MID questioned whether PG&E properly calculated competition transition charges (CTC) and requested setting an end date to the CTC. Ensuring proper calculation of the CTC falls within the scope of the proceeding, but setting an end date for statutory CTC is an issue more appropriately determined by the Legislature.

As noted in D.13-08-023, the Commission will continue to consider the application and overall fairness, on an as-applied basis, of the Commission's cost allocation methodologies in an ongoing fashion. However, challenges to the Commission's existing policy and/or rules are beyond the scope of this proceeding and must be raised via a petition for modification of the decision that established the policy and/or rule in question.

To the extent that any protesting party alleges that PG&E has not followed existing Commission policy and/or rules, either as applied to specific contracts, or as a matter of policy interpretation, the issues may be addressed in testimony and/or briefs during the evidentiary hearing phase of this proceeding.

The parties, in their opening and rebuttal testimony should address any issues within the scope of this proceeding on which factual information may be helpful to explain or support their positions.

5. Proceeding Schedule

With the above in mind, and based on PG&E's application, protests, response, discussion at the PHC and past Commission practices in PG&E ERRA forecast proceedings, the following schedule shall be adopted for this proceeding.

EVENT	DATE
Interested Parties Testimony Served	August 29, 2016
PG&E Reply Testimony (if any) Served	September 9, 2016
Evidentiary Hearings (if required)	September 13-14 at 10 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Opening Briefs filed	September 27, 2016
Reply Briefs filed	October 11, 2016
PG&E November Update	November 4, 2016
Comments on the November Update	November 8, 2016
Proposed Decision Mailed	November, 2016
Commission Vote on Proposed Decision	December, 2016

This schedule may be altered by the assigned Commissioner or Administrative Law Judge (ALJ). In any event, it is anticipated that this proceeding should conclude by the end of December 2016, but no later than within 18 months of the date of this scoping memo.

The proceeding will stand submitted for decision by the Commission upon the filing of reply briefs, unless oral argument is scheduled. In such case, the proceeding will stand submitted upon conclusion of oral argument.

6. Final Oral Argument

Pursuant to Rule 13.13, any requests for a final oral argument before the Commission must be filed and served at the same time as opening briefs.

7. Intervenor Compensation

The PHC in this matter was held on August 8, 2016. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by September 8, 2016.

8. Presiding Officer

Pursuant to Rule 13.2, I designate ALJ S. Pat Tsen as the Presiding Officer. Either the assigned Commissioner or Presiding Officer may amend the scope and schedule set out herein.

9. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket

Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e mail address. If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.16-06-003 – PG&E's 2017 Erra Forecast. In addition, the party sending the e-mail should briefly describe the attached communication; for example, Comments. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office. Prior to serving any document, each party must ensure that it is using the most

up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The scope and schedule are as set forth in the body of this ruling unless amended by a subsequent ruling of the assigned Commissioner or Presiding Officer.
2. This proceeding is categorized as ratesetting. This ruling as to category is appealable pursuant to Rule 7.6
3. This proceeding requires evidentiary hearings.
4. A party who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by September 8, 2016.
5. Any party requesting a final oral argument before the Commission shall file and serve such request on the same date that opening briefs are due.
6. Ex parte communications are subject to Rules 8.1, 8.2, and 8.5 of the Commissions' Rules of Practice and Procedure, and Public Utilities Code Section 1701.3(c).

7. Pursuant to Rule 13.2, Administrative Law Judge S. Pat Tsen is the Presiding Officer.

Dated August 19, 2016, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner